



**AUSCANN GROUP HOLDINGS LTD
ACN 008 095 207**

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held in Meeting Room 6 at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Tuesday, 27 November 2018 at 10.00am (WST).

The Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.

Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by telephone on + 61 (0)8 9561 8834.

Shareholders are encouraged to attend the Annual General Meeting or vote by lodging the Proxy Form enclosed with this Notice.

AUSCANN GROUP HOLDINGS LTD

ACN 008 095 207

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of AusCann Group Holdings Ltd (**Company**) will be held in Meeting Room 6 at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Tuesday, 27 November 2018 at 10.00am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Sunday, 25 November 2018 at 10.00am (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

AGENDA

1. Annual Report

To consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2018, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 - Remuneration Report

To consider and, if thought fit, to pass without or without amendment, as a **non-binding** ordinary resolution the following:

"That the Remuneration Report be adopted by Shareholders on the terms and conditions in the Explanatory Memorandum."

Voting Prohibition

In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chair to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 - Election of Director - Dr Paul MacLeman

To consider and, if thought fit, to pass without or without amendment, as an ordinary resolution the following:

"That, in accordance with Article 12.7 of the Constitution, Listing Rule 14.4 and for all other purposes, Dr Paul MacLeman, a Director who was appointed on 27 September 2018, retires and, being eligible, is elected as a Director on the terms and conditions in the Explanatory Memorandum."

4. Resolution 3 - Ratification of prior issue of Placement Shares under Listing Rule 7.1

To consider and, if thought fit, to pass without or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 26,343,412 Shares under Listing Rule 7.1 at \$1.10 per Share to raise approximately \$29 million on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person (and any nominee of such a person) who participated in the issue of the Shares, or any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 4 - Ratification of prior issue of Placement Shares under Listing Rule 7.1A

To consider and, if thought fit, to pass without or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 4,031,588 Shares under Listing Rule 7.1A at \$1.10 per Share to raise approximately \$4.4 million on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person (and any nominee of such a person) who participated in the issue of the Shares, or any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 5 - Ratification of prior issue of Placement Options

To consider and, if thought fit, to pass without or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 15,187,503 Options on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person (and any nominee of such a person) who participated in the issue of the Options, or any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Resolution 6 - Approval of Employee Securities Incentive Plan

To consider and, if thought fit, to pass without or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with exception 9(b) of Listing Rule 7.2 and for all other purposes, Shareholders approve the establishment of the employee incentive scheme of the Company known as the "AusCann Group Holdings Ltd Employee Securities Incentive Plan" and the issue of Securities under that plan, on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) or any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. Resolution 7 - Approval to increase Non-Executive Directors' Remuneration

To consider and, if thought fit, to pass without or without amendment, as an ordinary resolution the following:

"That, for the purposes of Article 12.8 of the Constitution, Listing Rule 10.17 and for all other purposes, Shareholders approve an increase of the maximum total aggregate amount of fees payable to non-executive Directors to \$500,000 per annum on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a Director or any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibitions

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

BY ORDER OF THE BOARD



Susan Hunter
Company Secretary
AusCann Group Holdings Ltd
Dated: 22 October 2018

AUSCANN GROUP HOLDINGS LTD

ACN 008 095 207

EXPLANATORY MEMORANDUM

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Meeting Room 6, Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Tuesday, 27 November 2018 at 10.00am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Voting in person

To vote in person, attend the Meeting on the date and at the place set out above.

2.2 Proxies

(a) Voting by proxy

A Proxy Form is enclosed with the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (i) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (ii) a proxy need not be a member of the Company; and
- (iii) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

(b) Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (i) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
 - (ii) if the proxy has 2 or more appointments that specify different ways to vote on the resolution - the proxy must not vote on a show of hands;
 - (iii) if the proxy is the chair of the meeting at which the resolution is voted on - the proxy must vote on a poll, and must vote that way (i.e. as directed); and
 - (iv) if the proxy is not the chair - the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).
- (c) Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (ii) the appointed proxy is not the chair of the meeting;
- (iii) at the meeting, a poll is duly demanded on the resolution; and
- (iv) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

2.3 Voting Prohibition by Proxy Holders (Remuneration of Key Management Personnel)

In accordance with sections 250BD and 250R of the Corporations Act, votes on Resolutions 1 and 7 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 and/or 7 if the vote is not cast on behalf of a person who is excluded from voting on the relevant Resolution and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution, but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

2.4 Chair's voting intentions

The Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention.

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1 or 7 by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

3. Annual Report

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2018.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- a) discuss the Annual Report which is available online at www.auscann.com.au;
- b) ask questions about, or comment on, the management of the Company; and
- c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- a) the preparation and content of the Auditor's Report;
- b) the conduct of the audit;
- c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 - Remuneration Report

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

If the Company's Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings, Shareholders will have the opportunity to remove the whole Board, except the managing director (if any).

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director, if any) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2017 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2019 annual general meeting, this may result in the re-election of the Board.

The Chair will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Resolution 1 is an ordinary resolution.

5. Resolution 2 - Election of Director - Dr Paul MacLeman

5.1 General

Article 12.7(a) of the Constitution allows the Board to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to Article 12.7(b) of the Constitution, any Director so appointed holds office until the conclusion of the next annual general meeting of the Company but is eligible for election by Shareholders at that meeting. In addition, Listing Rule 14.4 provides that a Director appointed as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the Company.

On 27 September 2018, Dr Paul MacLeman was appointed as an Executive Director of the Company. Accordingly, Dr MacLeman resigns as a Director at the Meeting and, being eligible, seeks approval to be elected as a Director pursuant to Resolution 2.

As Dr MacLeman is an Executive Director, Dr MacLeman is not considered to be an independent Director.

Resolution 2 is an ordinary resolution.

The Board (other than Dr MacLeman) recommends that Shareholders vote in favour of Resolution 2.

5.2 Dr Paul MacLeman - Executive Director

MBA, BVSc, Grad Dip Tech, Grad Cert Eng, GAICD, MATT

Dr MacLeman has over 25 years' board and executive experience across the life sciences, agricultural and not for profit sectors. This includes strategy formulation, capital raising, business development, technology commercialisation and sales & marketing. He has also launched a variety of products in Australia, the US and Asia, founded life sciences start-ups in the biologics area and worked in investment banking.

Dr MacLeman is currently Chair of AdAlta Limited, Livac Pty Limited, and is a Non-Executive Director of Sypharma Pty Limited. He chairs the committee reviewing the National Vocational Education Training Package in Pharmaceuticals and has in the past chaired the Committee to develop a nationally recognised Course in Pharmaceutical Manufacture for Victoria, the AusBiotech Agricultural Advisory Board and has been Managing Director of Nasdaq, ASX and TSX listed companies.

6. Resolutions 3, 4 & 5 - Ratification of prior issues of Placement Shares and Placement Options

6.1 General

On 5 July 2018, the Company announced that it had received binding commitments for a placement to raise approximately \$33.4 million before costs (**Placement**) by the issue of Shares at \$1.10 each (**Placement Shares**) to sophisticated and professional investors (**Placement Participants**), together with free-attaching unquoted Options on a 1 for 2 basis exercisable at \$1.465 each (**Placement Options**) expiring on 13 January 2021.

On 13 July 2018, the Company issued a total of 30,375,000 Placement Shares and 15,187,503 Placement Options to Placement Participants using the Company's placement capacity under Listing Rules 7.1 and 7.1A to raise \$33,412,500 (before costs).

Resolutions 3, 4 and 5 seek the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of the Placement Shares and Placement Options.

Resolutions 3, 4 and 5 are ordinary resolutions.

The Board recommends that Shareholders vote in favour of Resolutions 3, 4 and 5.

6.2 Listing Rules 7.1 and 7.1A

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue Equity Securities comprising up to 10% of its issued capital. The Company obtained this approval at its annual general meeting held on 24 November 2017.

6.3 Listing Rule 7.4

Listing Rule 7.4 provides an exception to Listing Rules 7.1 and 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rules 7.1 and 7.1A (and provided that the previous issue did not breach Listing Rules 7.1 and 7.1A), those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rules 7.1 and 7.1A, as applicable.

6.4 Specific information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Placement Shares and Placement Options:

- (a) a total of 30,375,000 Placement Shares and 15,187,503 Placement Options were issued on 13 July 2018 as follows:
 - (i) 26,343,412 Placement Shares and 15,187,503 Placement Options were issued within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval; and
 - (ii) 4,031,588 Placement Shares were issued within the 10% limit permitted under Listing Rule 7.1A, without the need for Shareholder approval;
- (b) the Placement Shares were issued at \$1.10 per Share and the Placement Options were free-attaching to the Placement Shares issued and therefore were issued at an issue price of nil. The 15 day VWAP on the date of issue was \$1.20. 75% of the 15 day VWAP on the date of issue was \$0.90;
- (c) the Placement Shares issued are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue, and the Placement Options issued are exercisable at \$1.465 each on or before 13 January 2021, subject to the terms and conditions set out in Schedule 2;
- (d) the Placement Shares and Placement Options were issued to the Placement Participants, none of whom is a related party of the Company;
- (e) the proceeds from the issue of the Placement Shares are intended to be used to fund cannabinoid pharmaceutical research and development and clinical studies, expansion of the Company's operations in Chile and Australia, and medical outreach programs in new international markets, as well as for costs of the Placement and general working capital. No funds were raised from the issue of the Placement Options as they were free-attaching to the Placement Shares; and
- (f) a voting exclusion statement is included in the Notice.

7. Resolution 6 - Approval of Employee Securities Incentive Plan

7.1 General

The Company considers that it is desirable to establish a new employee incentive scheme pursuant to which the Company can issue Equity Securities to attract, motivate and retain key Directors, employees and consultants and provide them with the opportunity to participate in the future growth of the Company.

Resolution 6 seeks Shareholders' approval for the adoption of the employee incentive scheme titled "AusCann Group Holdings Ltd Employee Securities Incentive Plan" (**Plan**) in accordance with Listing Rule 7.2 exception 9(b).

Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Equity Securities in the Company as the Board may decide and on the terms set out in the rules of the Plan, a summary of the key terms and conditions of which is in Schedule 3. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

Resolution 6 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 6.

7.2 Listing Rules 7.1 and 7.2, exception 9(b)

A summary of Listing Rule 7.1 is contained in Section 6.2 above.

Listing Rule 7.2, exception 9(b) provides an exception to Listing Rule 7.1 such that issues of Equity Securities under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of Equity Securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 6 is passed, the Company will be able to issue Equity Securities under the Plan to eligible participants over a period of 3 years without using the Company's 15% annual placement capacity under Listing Rule 7.1.

However, any future issues of Equity Securities under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under Listing Rule 10.14 at the relevant time.

Shareholders should note that no Equity Securities have yet been issued under the Plan.

8. Resolution 7 - Approval to increase Non-Executive Directors' Remuneration

8.1 General

Article 12.8 of the Constitution requires that remuneration payable to the non-executive Directors will not exceed the sum determined by the Company in general meeting from time to time, and the total aggregate fixed sum will be divided between the non-executive Directors as the Directors shall determine and, in default of agreement between them, then in equal shares.

Listing Rule 10.17 also provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

The maximum aggregate amount of fees payable to all of the non-executive Directors is currently set at \$300,000. Resolution 7 seeks the approval of Shareholders pursuant to Article 12.8 of the Constitution and Listing Rule 10.17 to set the total aggregate fixed sum per annum to be paid to the non-executive Directors at \$500,000.

Resolution 7 is an ordinary resolution.

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

8.2 Rationale for the increase

The maximum aggregate amount of fees proposed to be paid to the non-executive Directors per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

This proposed level of permitted fees does not mean that the Company must pay the entire amount approved as fees in each year, rather the proposed limit is requested to ensure that the Company:

- (a) maintains its capacity to remunerate both existing and any new non-executive Directors joining the Board;
- (b) remunerates its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and
- (c) has the ability to attract and retain non-executive Directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

8.3 Specific information required by Listing Rule 10.17

Pursuant to and in accordance with Listing Rule 10.17, the following information is provided in relation to the proposed increase in the aggregate amount payable to non-executive Directors:

- (a) the Company is proposing to increase the total aggregate fixed sum per annum to be paid to the non-executive Directors by \$200,000;
- (b) the maximum aggregate amount per annum to be paid to all non-executive Directors is \$500,000 and includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or securities issued to a non-executive Director under Listing Rules 10.11 or 10.14 with approval of Shareholders;
- (c) in the past 3 years, the Company has issued Equity Securities with the approval of Shareholders under Listing Rule 10.11 or 10.14 to non-executive Directors, or their nominees, as follows:
 - (i) on 19 January 2017, 50,000 unquoted Options exercisable at \$0.21 each on or before 19 January 2020 (**Director Options**) were issued to outgoing Director Mr David Wheeler under Listing Rule 10.11 in consideration for his services to the Company. Mr Wheeler resigned as a Director on the same date;
 - (ii) on 19 January 2017, 50,000 Director Options were issued to outgoing Director Mr Nicholas Calder under Listing Rule 10.11 in consideration for his services to the Company. Mr Calder resigned as a Director on the same date; and
 - (iii) on 19 January 2017, 50,000 Director Options were issued to outgoing Director Mr Simon Taylor under Listing Rule 10.11 in consideration for his services to the Company. Mr Taylor resigned as a Director on the same date; and
- (d) a voting exclusion statement is included in the Notice.

Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

Annual Report means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2018.

Article means an article of the Constitution.

ASX means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Chair means the person appointed to chair the Meeting of the Company convened by the Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means AusCann Group Holdings Ltd (ACN 008 095 207).

Constitution means the constitution of the Company as at the date of the Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Security has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of annual general meeting.

Option means an option to acquire a Share.

Placement has the meaning given in Section 6.1.

Placement Options means the 15,187,503 unquoted Options issued on 13 July 2018 to the Placement Participants under the Placement on the terms and conditions set out in Schedule 2, which are the subject of Resolution 5.

Placement Participants has the meaning given in Section 6.1.

Placement Shares means the 30,375,000 Shares issued on 13 July 2018 to the Placement Participants under the Placement, which are the subject of Resolutions 3 and 4.

Plan means the Company's Employee Securities Incentive Plan which is the subject of Resolution 6, a summary of which is set out in Schedule 3.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution referred to in the Notice.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

Securities means any Equity Securities of the Company (including Shares and/or Options).

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share.

Strike means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.

Trading Day has the meaning given in the Listing Rules.

VWAP means volume weighted average market price.

WST means Western Standard Time being the time in Perth, Western Australia.

Schedule 2 - Terms and conditions of Placement Options

1. **(Entitlement):** Each Option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) upon exercise of the Option.
2. **(Exercise Price):** Subject to paragraph 11, the amount payable upon exercise of each Option will be \$1.465 (**Exercise Price**).
3. **(Expiry Date):** Subject to paragraph 5, each Option will expire at 5:00pm (WST) on 13 January 2021 being the date which is 30 months from the date of grant (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
4. **(Exercise Period):** Subject to paragraph 5, the Options are exercisable at any time and from time to time on or prior to the Expiry Date (**Exercise Period**).
5. **(Accelerated Exercise Period):** In the event that the closing price of the Shares equals or exceeds \$2.25 per Share for a period of 10 consecutive trading days (as defined by the Listing Rules), at the Company's election the Exercise Period will be reduced and:
 - (a) the holders of Options will be entitled to exercise their Options for a period of 30 days commencing on the day after the Company sends a written notice to the holders of Options advising of the commencement of the accelerate Exercise Period (**Accelerated Exercise Period**); and
 - (b) each Option will thereafter expire at 5:00pm (WST) on the 30th day of the Accelerated Exercise Period.
6. **(Notice of Exercise):** The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate or as otherwise agreed with the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company (acting reasonably).
7. **(Exercise Date):** A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
8. **(Timing of issue of Shares on exercise):** Within 5 Business Days after the Exercise Date, the Company will:
 - (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
 - (c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If the Company is unable to deliver a notice under section 8(b) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company will lodge with ASIC a "cleansing prospectus" prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors. Where a "cleansing prospectus" is required, any Shares issued on exercise of Options will be subject to a holding lock until such time as a prospectus is issued by the Company.
9. **(Shares issued on exercise):** Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

10. **(Quotation of Shares issued on exercise):** If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
11. **(Reconstruction of capital):** If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
12. **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
13. **(Quotation of the Options):** The Company will not apply for quotation of the Options on ASX.
14. **(Transferability of the Options):** The Options are transferable with the prior written approval of the Company (which must not be unreasonably withheld) and subject to any restriction or escrow arrangements imposed by the ASX or under applicable Australian securities law.
15. **(U.S. Securities laws):** The Options may not be exercised by or on behalf of a person in the United States unless the Options and the underlying Shares have been registered under the U.S. Securities Act of 1933, as amended, and applicable state securities laws or exemptions from such registration requirements are available.

Schedule 3 - Summary of Employee Securities Incentive Plan

A summary of the key terms of the Plan is set out below:

1. **(Eligible Participant):** Eligible Participant means a person that:
 - (a) is an "eligible participant" (as that term is defined in ASIC Class Order [CO 14/1000]) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order [14/1000]); and
 - (b) has been determined by the Board to be eligible to participate in the Plan from time to time.
2. **(Purpose):** The purpose of the Plan is to:
 - (a) assist in the reward, retention and motivation of Eligible Participants;
 - (b) link the reward of Eligible Participants to Shareholder value creation; and
 - (c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.
3. **(Plan administration):** The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.
4. **(Eligibility, invitation and application):** The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides. On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.
5. **(Grant of Securities):** The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.
6. **(Terms of Convertible Securities):** Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan. Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.
7. **(Vesting of Convertible Securities):** Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.
8. **(Exercise of Convertible Securities and cashless exercise):** To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the

Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation. An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

'Market Value' means, at any given date, the volume weighted average price per Share traded on the ASX over the 20 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

9. **(Delivery of Shares on exercise of Convertible Securities):** As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.
10. **(Forfeiture of Convertible Securities):** Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest. Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.


Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (a) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
 - (b) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.
11. **(Change of control):** If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
 12. **(Rights attaching to Plan Shares):** All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.
 13. **(Disposal restrictions on Plan Shares):** If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
 - (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.
14. **(Adjustment of Convertible Securities):** If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation. If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised. Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.
15. **(Participation in new issues):** There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.
16. **(Amendment of Plan):** Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect. No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before.

Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
 Computershare Investor Services Pty Limited
 GPO Box 242 Melbourne
 Victoria 3001 Australia

Alternatively you can fax your form to
 (within Australia) 1800 783 447
 (outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
 (custodians) www.intermediaryonline.com

For all enquiries call:
 (within Australia) 1300 850 505
 (outside Australia) +61 3 9415 4000

AC8
 MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030



Proxy Form

XX



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 10:00am (WST) Sunday, 25 November 2018**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
 or turn over to complete the form** →

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of AusCann Group Holdings Ltd hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of AusCann Group Holdings Ltd to be held at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Tuesday, 27 November 2018 at 10:00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 6 and 7 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 6 and 7 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 6 and 7 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Director – Dr Paul MacLeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of prior issue of Placement Shares under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of prior issue of Placement Shares under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of prior issue of Placement Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Employee Securities Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval to increase Non-Executive Directors' Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____